

# How To Build A Crypto Startup

**SPEAKER**

**Brian Armstrong**, Coinbase



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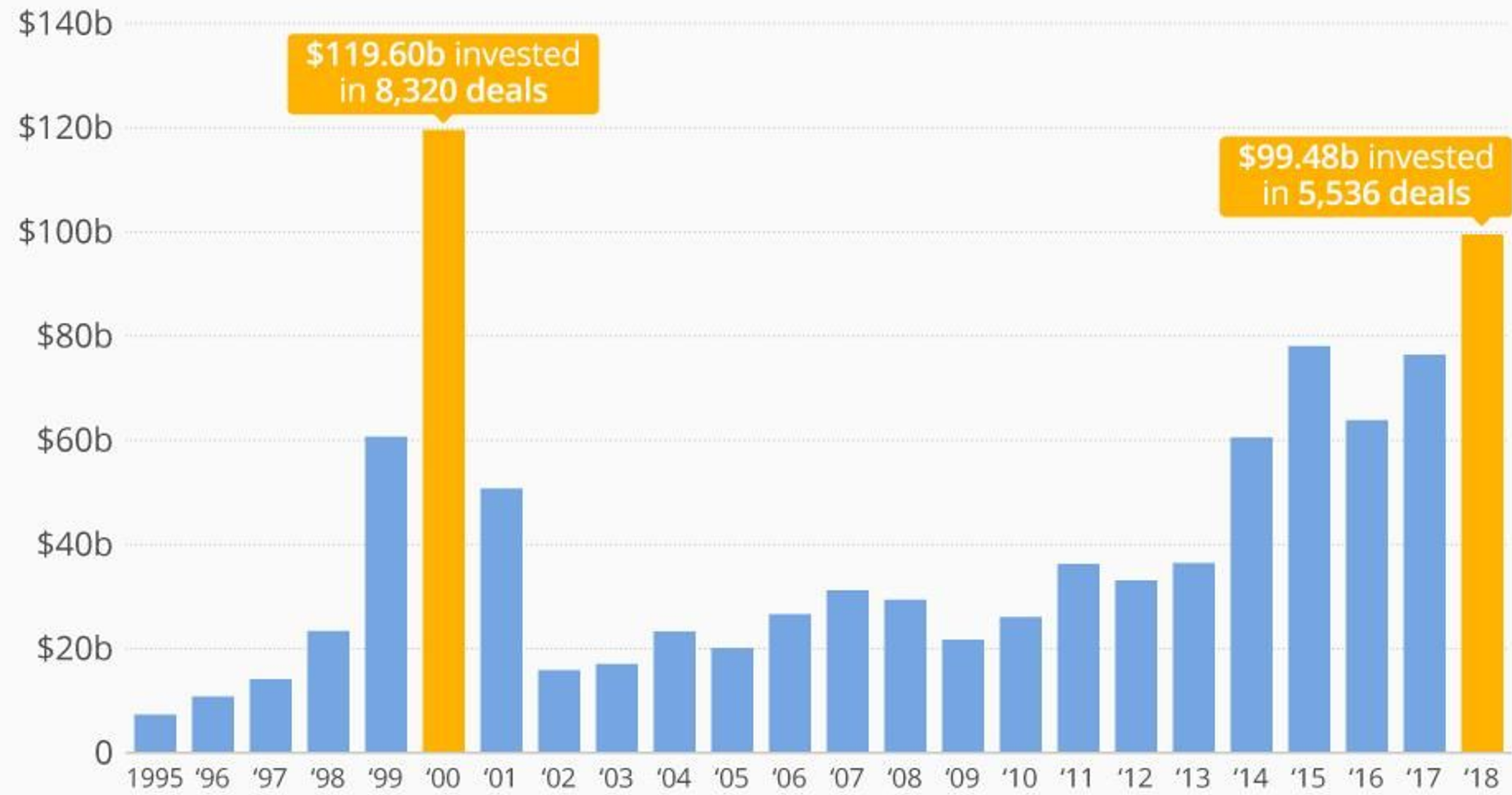
1998: Dot Com Startup  
2020: Crypto Startup



# Dot Com Startup

## U.S. Venture Capital Funding Reaches Dot-Com Era Level

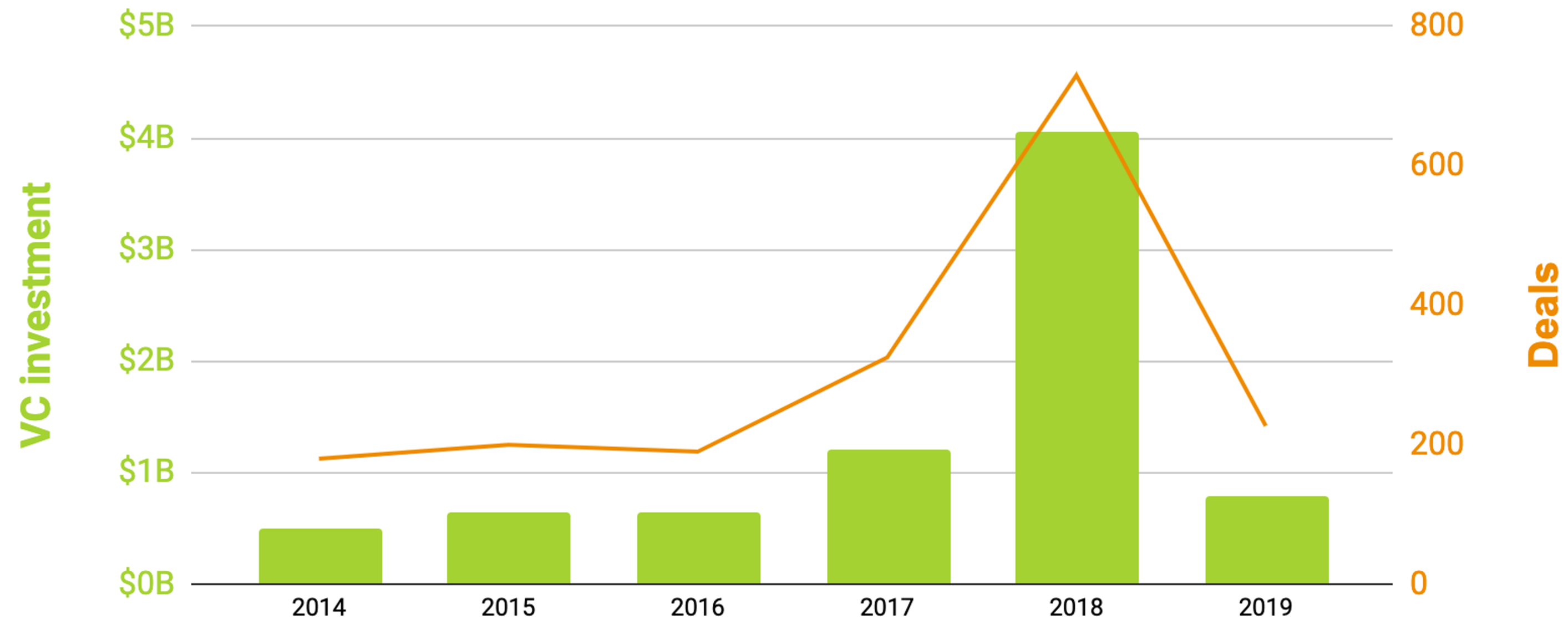
Total venture capital investment in the United States since 1995





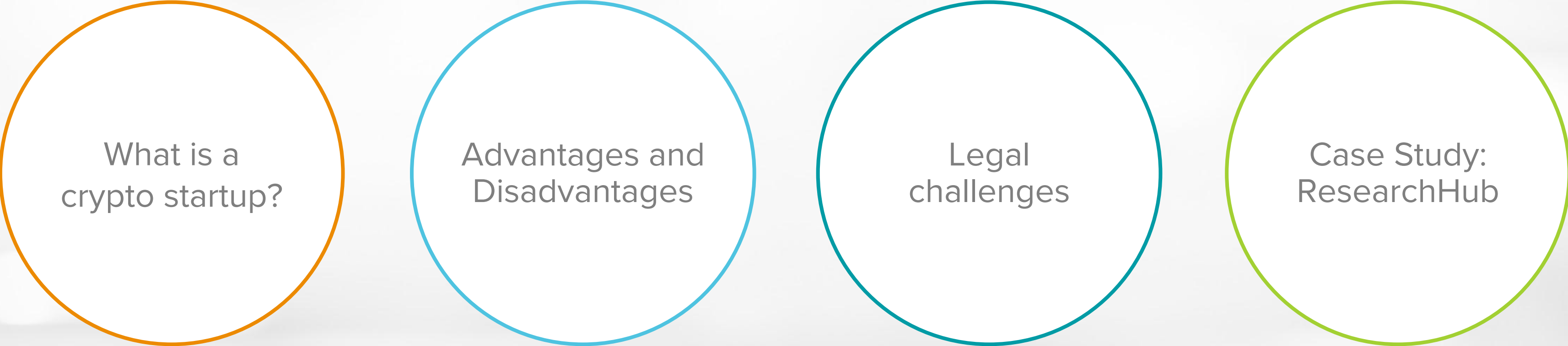
# Crypto Startup

VC Investment in blockchain





# What we'll cover



What is a  
crypto startup?

Advantages and  
Disadvantages

Legal  
challenges

Case Study:  
ResearchHub

What is a crypto startup?



# Any start up that uses crypto to



Raise  
Money



Acquire  
Customers



Expand  
Internationally



Raise  
Money

# Advantages: Fundraising

**Global** pool of accredited investors

Get **contrarian bets** funded

**Democratizes** fundraising





Acquire  
Customers

# Advantages: Acquiring customers

Solves **cold start** problem

Participation incentives → **seed network!**

**Aligns incentives** for early believers  
(not just employees)

# Advantages: Acquiring customers



Acquire  
Customers



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Expand  
Internationally

# Advantages: International expansion

**Avoid costly and difficult payment integrations**  
one country at a time

Crypto enables **global user base** from day one

# Advantages: International expansion



Expand  
Internationally

Uber



coinbase

**amazon** mechanical turk



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# Advantages: Crypto makes it easier to....



Raise  
Money



Acquire  
Customers



Expand  
Internationally

# Disadvantages



Lack Of  
Legal Clarity

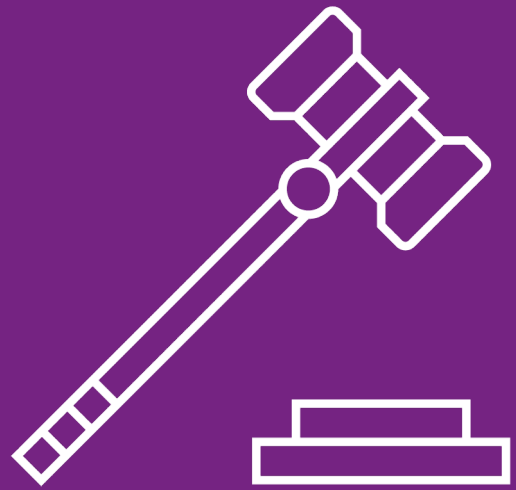


Nascent  
Developer Tools



# Disclaimer: CEO $\neq$ Lawyer





Lack of  
Legal Clarity

ICOs

IEOs

SAFT



# Big question: Security or a utility?

“a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party”

# Big question: Security or a utility?

## The Howey Test



# Different Options to Raise Money

Options	Example
Traditional Equity (Reg D)	Coinbase, Compound Labs
SAFT (Reg D)	Filecoin (FIL), Orchid (OXT)
Crowdfunding (Reg A)	BlockStack (STX); YouNow (PROPS)

*\*The large majority of Coinbase Ventures portfolio firms in the period 2018 - 2020 have elected to pursue traditional equity fundraise options--e.g. SAFE (seed rounds), Series A, etc. These are Reg D exempt offerings, in which corporate stock is sold to VC funds, angels, and other accredited investors.*



# Big question: Security or a token?



<https://www.CryptoRatingCouncil.com>

# Big question: Security or a token?



**Algorand**  
ALGO · 2.00



**Augur**  
REP · 3.75



**Bitcoin**  
BTC · 1.00



**Chainlink**  
LINK · 2.00



**Cosmos**  
ATOM · 3.75



**Dai**  
DAI · 1.00



**Dash**  
DASH · 1.00



**Decentraland**  
MANA · 3.75



**EOS**  
EOS · 3.75



**Ethereum**  
ETH · 2.00



**Ethereum Classic**  
ETC · 2.00



**FOAM**  
FOAM · 3.75

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So how do you create a crypto startup?



# Building a crypto start up



# INCORPORATE

FUNDRAISE

BUILD  
PRODUCT

ISSUE  
TOKEN

INTEGRATE  
TOKEN

LAUNCH

LIST



stripe



ATLAS

INCORPORATE

**FUNDRAISE**

BUILD  
PRODUCT

ISSUE  
TOKEN

INTEGRATE  
TOKEN

LAUNCH

LIST

## DO

Understand your  
business model

Choose which securities  
offerings type make sense  
(SAFE, SAFT, Reg A, Reg S)

Consult with counsel

## DON'T

Over promise what you  
can actually build

Characterize your network /  
token with investment-like  
language



INCORPORATE

FUNDRAISE

**BUILD  
PRODUCT**

ISSUE  
TOKEN

INTEGRATE  
TOKEN

LAUNCH

LIST



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INTEGRATE  
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LIST



**CRC** Crypto  
Rating  
Council



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BUILD  
PRODUCT

ISSUE  
TOKEN

INTEGRATE  
TOKEN

LAUNCH

LIST



Vote **yes** to raise the stability fee by 2%

Vote YES to this proposal to signal your support to increase the stability fee by 2% to 3.5% per year

✓ VOTED



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PRODUCT

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TOKEN

INTEGRATE  
TOKEN

LAUNCH

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PRODUCT

ISSUE  
TOKEN

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TOKEN

LAUNCH

LIST



All Systems Operational



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BUILD  
PRODUCTISSUE  
TOKENINTEGRATE  
TOKEN

LAUNCH

LIST

*listing.coinbase.com*

## List Your Asset on Coinbase

Have you developed a new digital asset? And has it passed legal and security review? If so, apply to list your asset on Coinbase today.

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[Trade](#)

Ethereum

\$235.26

[Trade](#)

Bitcoin Cash

\$475.82

[Trade](#)

Litecoin

\$57.87

[Trade](#)

Ethereum Classic

\$11.16

[Trade](#)

Your Asset

[Apply](#)



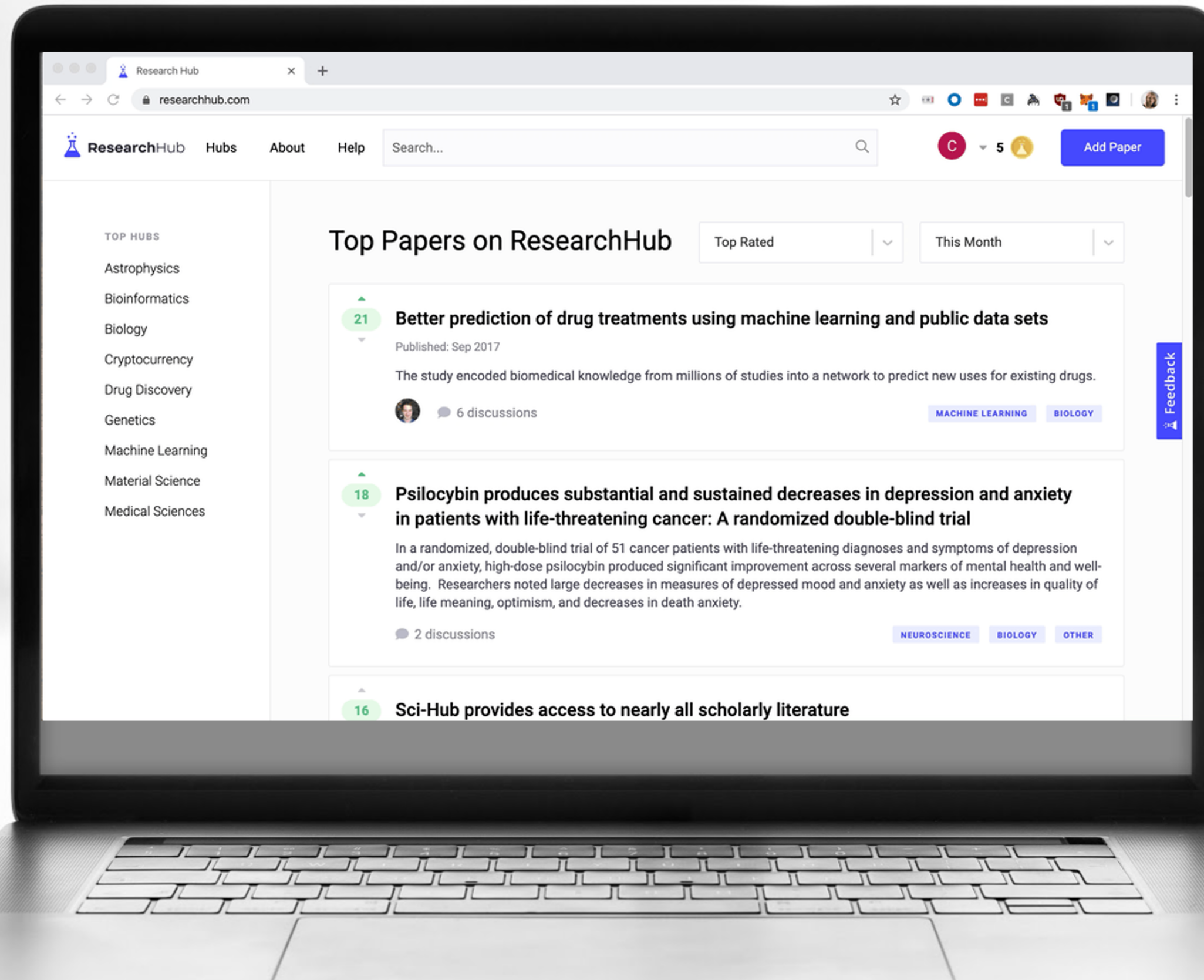
# A case study: ResearchHub



# ResearchHub

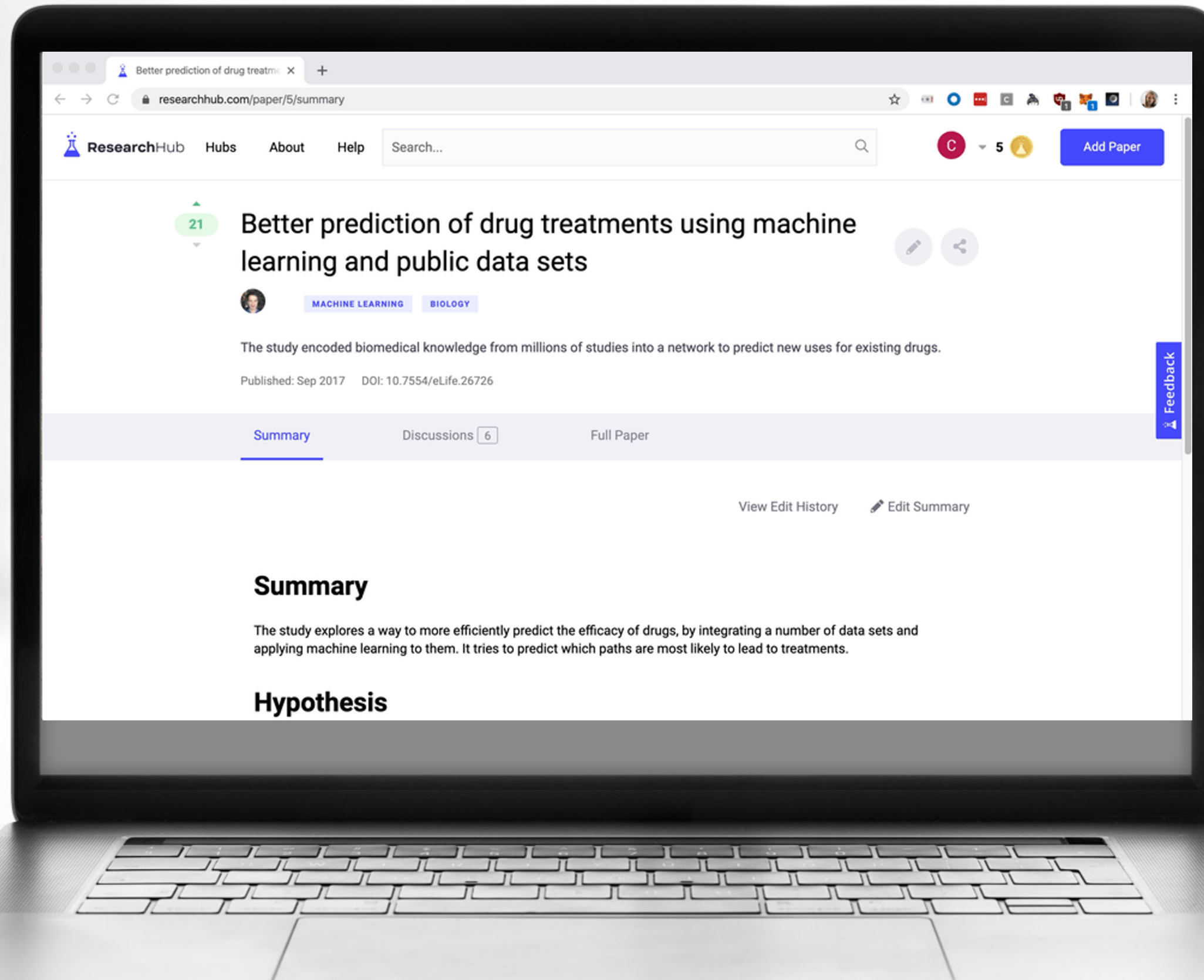


# Reddit for science

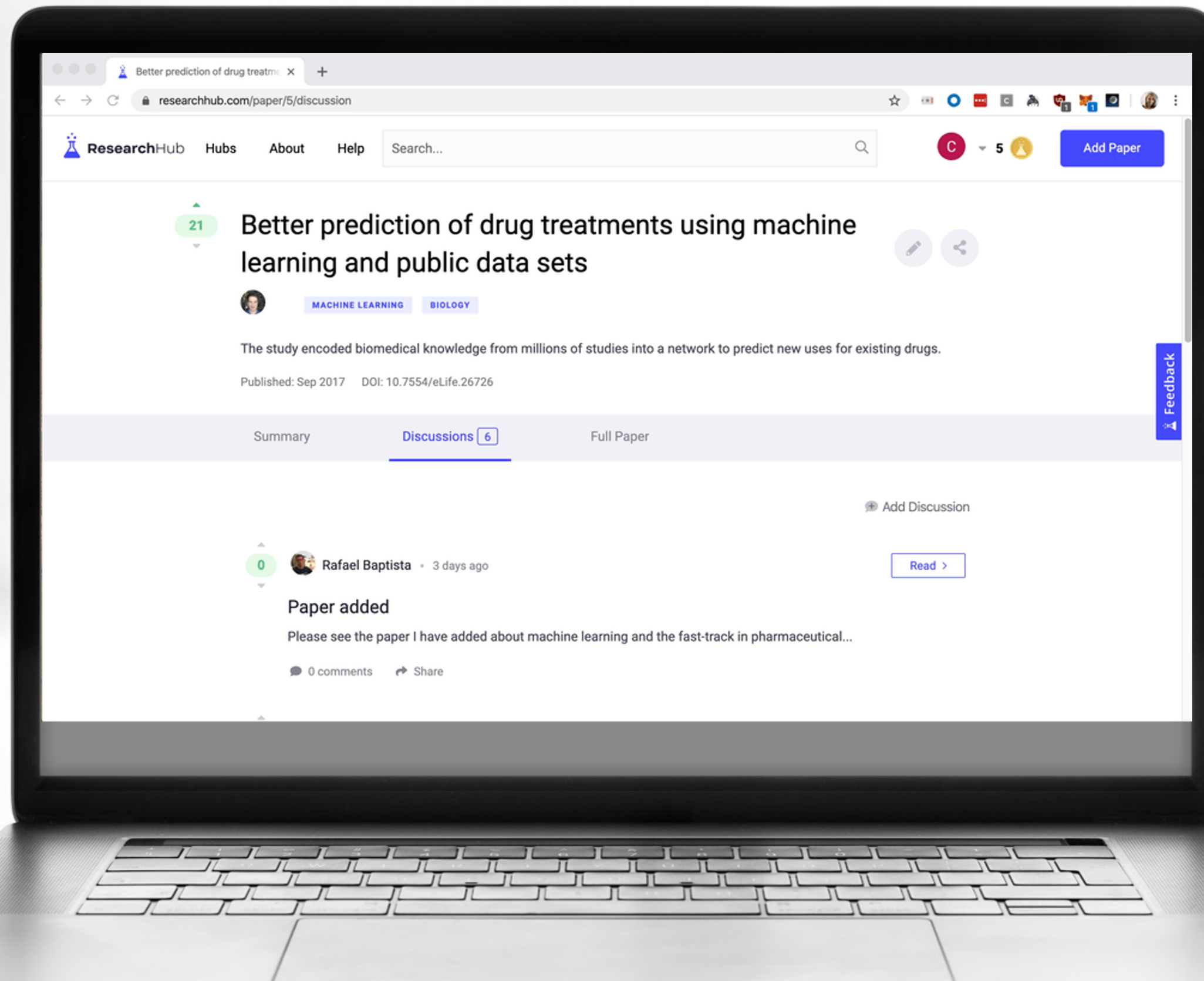




# Research distilled to key parts



# Contributor profiles and reputation





# ResearchHub



# Other startup ideas



News

Music

Social Media

Marketplace

# coinbase | Launch

<http://bit.ly/CoinbaseLaunch>



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**[CRYPTO STARTUP SCHOOL]**